



February 15<sup>th</sup>, 2021

The Honorable Ann E. Misback, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue NW  
Washington, DC 20551

RE: Docket ID Number R-1723 and RIN Number 7100-AF94

Dear Secretary Misback:

This letter is being sent on behalf of Scranton Neighborhood Housing Services, Inc., dba NeighborWorks Northeastern Pennsylvania (NWNPEA), regarding the published Advance Notice of the Proposed Rulemaking (ANPR) seeking input on proposed changes to the Community Reinvestment Act (CRA) focused on modernizing the regulatory and supervisory framework to meet the needs of low-to-moderate income communities and address inequities in access to credit for underserved populations.

For 40 years, NWNPEA has provided crucial housing services to residents in the City of Scranton, Lackawanna County, and throughout northeastern Pennsylvania. Our services have included housing counseling, financial stability services, home rehabilitation and down payment lending, property acquisition and redevelopment, home modification services for seniors, and neighborhood revitalization activities. In many cases throughout our history, local community banks, regional banks, and national financial partners have been crucial partners in providing much-needed financing and support to the work that we do in our community. As of this writing, we count approximately a dozen separate financial institutions as active partners and investors in our work here in northeastern Pennsylvania.

We believe that the CRA is one of the most important tools available to hold banks accountable to local communities, requiring them to lend and provide services equitably, and to support community development in the areas where they do business. We have seen firsthand how this landmark law has led to significant impacts in our community by supplying motivation for banks to provide various types of loans and assistance to underserved residents and neighborhoods. Each year, our organization assists over 800 regional residents with homeownership creation and preservation services, and ultimately our work has resulted in well over \$250 million of investment in our community, much of which would not have been possible without significant collaboration with our financial institutions.

As an organization that specializes in homeownership services, the CRA has been a critical tool for providing access to homeownership for many LMI households. The OCC's proposed rule changes in 2018 were concerning to us, and we took advantage of the opportunity to provide comment on

them. And although we are encouraged by the Federal Reserve Board's latest proposal to modernize the CRA, we would specifically like to comment on a few components of the ANPR.

NWNEPA agrees with and supports the National Community Reinvestment Coalition's position on using racial demographics when rating an institution's CRA performance and affirmatively considering race when delineating assessment areas. Like many other regions across the country, the homeownership rate of minority populations is markedly lower than our white population; providing special CRA credit for lending activity to minority borrowers and communities will open new doors of opportunity to more of our neighbors while also incentivizing the improvement of key neighborhoods in our service area.

We support the Board's proposals to expand assessment areas on CRA exams. In addition to areas around branches, we believe that assessment areas should include areas outside of where the branches are located if there is a significant amount of bank lending or deposit-taking. We do not, however, support a national assessment area for internet banks that the Board discussed. Instead, we believe that data analysis can designate areas where high numbers of retail loans or deposits are located.

Finally, the Fed should pursue its proposals to collect improved community development and deposit data. Community development and deposit data should be collected on a census tract level or at least on a county level so that CRA exams can better target community development financing to areas of need.

Thank you for the opportunity to offer comments on ways in which the CRA can be improved. The CRA has been a critical tool for ensuring that banks serve the credit needs of LMI people in northeastern Pennsylvania. We sincerely hope that the CRA will be strengthened through this process and hope that the Board sticks to the central mission of the CRA to help meet the credit needs of the communities that banks serve, including LMI neighborhoods.

Gratefully,



Jesse J. Ergott  
President & CEO